

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF EAST LOGAN WATER	)	
DISTRICT FOR A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY TO CONSTRUCT	)	CASE NO.
AND FINANCE PURSUANT TO THE PROVISIONS	)	2002-00355
OF KRS 278.023	)	

O R D E R

On September 27, 2002, East Logan Water District ( East Logan District ) submitted an application for a Certificate of Public Convenience and Necessity to construct and finance a \$1,000,000 water system expansion project. The project is comprised of two contracts: Contract No. 1 consists of the construction and installation of approximately 16 miles of water line and appurtenances, to provide water service to approximately 49 new rural customers; and Contract No. 2 covers the construction of a 319,000-gallon water storage tank and appurtenances and a 150 gpm booster pump station. East Logan District proposes to finance the construction of the project through:

- The issuance of its Water Revenue Bonds in the amount of \$750,000 at an interest rate not exceeding 5.0 percent per annum maturing over a 40-year period, through the U.S. Department of Agriculture ( USDA ), Rural Development ( RD ).
- An RD grant in the amount of \$250,000.

East Logan District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the USDA or

the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on September 27, 2002, KRS 278.023 does not grant the Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. East Logan District is granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. East Logan District's proposed plan of financing with RD is accepted.
3. East Logan District is authorized to issue bonds not to exceed \$750,000.
4. East Logan District shall file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.
5. East Logan District shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.
6. Three years from the effective date of this Order, East Logan District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the proposed water rates are sufficient to meet its operating expenses and annual debt service requirements.
7. East Logan District shall monitor the adequacies of the expanded water distribution system after construction. If the level of service is inadequate or declining or

the pressure to any customer is outside the requirements of Administrative Regulation 807 KAR 5:066, Section 5(1), East Logan District shall take immediate action to maintain the level of service in conformance with the regulations of the Commission.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 21<sup>st</sup> day of October, 2002.

By the Commission

ATTEST:

  
Executive Director